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INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE  
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SUBJECT: Media Reaction Sao Paulo; March 14- 2009

Global Economy: Financial market crisis; Sao Paulo  
March 14, 2009

Title-"Thinking on the unthinkable"

Op-ed in liberal Folha de S. Paulo (3-14) by Clovis Rossi states:  
"...estimates show that two thirds of the roughly US\$2 trillion of  
China's reserves are in U.S. assets, especially Treasuries. It is  
natural, therefore, that they [China] are worried.... Since the  
aggravation of the global crisis, in the last quarter of last year,  
the word default began to be seen, initially timidly, in association  
to the U.S.....the fact is that [China's prime minister] Wen Jiabao  
said that China's first priority is to defend its own interests,  
even if the other eye is on international financial stability,  
things that are 'interrelated'. Is this a gesture in the sense that  
China may stop financing the U.S.? If this is the case, everyone  
will lose."

Title- "Troubled government"

Editorial in center-right O Estado de S. Paulo (3-14) says: "The  
summer comes to an end....and the government is still troubled,  
without knowing how to face a crisis much bigger than the one  
President Luiz Inacio Lula da Silva wanted to acknowledge until  
shortly ago....There is no way to deny the extension of the crisis.  
The [Brazilian] economy contracted in the fourth  
quarter.....President Lula does not know how to face Brazil's  
problems but has many ideas of how to fix the U.S. economy and how  
to put international finance back in order again.....Brazil's  
situation will be better, of course, if the global economy bounces  
back, but there is no sense in waiting for this change. The global  
crisis is the biggest challenge, but it does not excuse the  
Brazilian government's lack of action."  
WHITE